

**TOWN OF KROTZ SPRINGS
LOUISIANA**

Financial Report

Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Carroll Snyder, Mayor,
and Members of the Board of Aldermen
Krotz Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Krotz Springs, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Krotz Springs, Louisiana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements, the Town of Krotz Springs adopted the provisions of Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Krotz Springs, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Krotz Springs, Louisiana's basic financial statements. The other supplementary information on pages 43 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the portion marked 'unaudited' on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014 on our consideration of the Town of Krotz Springs, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Krotz Springs, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2014

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,051,954	\$ 675,817	\$ 1,727,771
Investments	739,339	1,184,847	1,924,186
Receivables, (net of allowance for uncollectibles)	8,152	38,021	46,173
Due from other governments	33,090	-	33,090
Internal balances	(368,283)	368,283	-
Restricted assets	-	113,656	113,656
Prepaid expenses	32,108	26,007	58,115
Capital assets (net)	2,427,945	1,068,331	3,496,276
<u>Total assets</u>	<u>3,924,305</u>	<u>3,474,962</u>	<u>7,399,267</u>
<u>LIABILITIES</u>			
Bank overdraft	6,826	-	6,826
Accounts payable and accrued expenses	30,430	16,884	47,314
Payable from restricted assets	-	94,087	94,087
Long-term liabilities			
Due within one year	11,301	1,740	13,041
Due in more than one year	34,373	19,910	54,283
<u>Total liabilities</u>	<u>82,930</u>	<u>132,621</u>	<u>215,551</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,411,421	1,068,331	3,479,752
Restricted for customer deposits	-	19,569	19,569
Unrestricted	1,429,954	2,254,441	3,684,395
<u>Total net position</u>	<u>3,841,375</u>	<u>3,342,341</u>	<u>7,183,716</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>FUNCTIONS / PROGRAMS</u>							
Governmental Activities							
General government	\$ 598,307	\$ 14,403	\$ -	\$ -	\$ (583,904)	\$ -	\$ (583,904)
Public safety	395,106	175,716	-	-	(219,390)	-	(219,390)
Public works	132,956	-	-	-	(132,956)	-	(132,956)
Culture and recreation	88,397	-	-	-	(88,397)	-	(88,397)
Interest on long-term debt	665	-	-	-	(665)	-	(665)
<u>Total governmental activities</u>	<u>1,215,431</u>	<u>190,119</u>	<u>-</u>	<u>-</u>	<u>(1,025,312)</u>	<u>-</u>	<u>(1,025,312)</u>
Business-type Activities							
Gas	127,208	145,670	-	-	-	18,462	18,462
Water	258,263	216,684	-	-	-	(41,579)	(41,579)
Sewer	132,379	65,455	-	-	-	(66,924)	(66,924)
<u>Total business- type activities</u>	<u>517,850</u>	<u>427,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,041)</u>	<u>(90,041)</u>
<u>Total primary government</u>	<u>1,733,281</u>	<u>617,928</u>	<u>-</u>	<u>-</u>	<u>(1,025,312)</u>	<u>(90,041)</u>	<u>(1,115,353)</u>

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General revenues						
Taxes						
Property taxes, levied for general purposes				\$ 231,717	\$ -	\$ 231,717
Sales taxes, levied for general purposes				279,603	-	279,603
Franchise taxes				224,569	-	224,569
Interest and investment earnings				6,713	2,672	9,385
Occupational licenses and other permits				67,220	-	67,220
Intergovernmental				68,766	-	68,766
Miscellaneous				30,495	-	30,495
Loss from disposal of capital assets				(394)	-	(394)
Transfers				-	-	-
<u>Total general revenues and transfers</u>				<u>908,689</u>	<u>2,672</u>	<u>911,361</u>
<u>Changes in net position</u>				(116,623)	(87,369)	(203,992)
Net position - July 1, 2013				<u>3,957,998</u>	<u>3,429,710</u>	<u>7,387,708</u>
Net position - June 30, 2014				<u><u>3,841,375</u></u>	<u><u>3,342,341</u></u>	<u><u>7,183,716</u></u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 541,840	\$ 510,114	\$ 1,051,954
Investments	225,000	514,339	739,339
Receivables, net of allowance for uncollectibles			
Interest receivable	102	156	258
NSF receivable	340	-	340
Taxes	1,594	-	1,594
Other receivable	5,960	-	5,960
Due from other funds	22,898	111,179	134,077
Due from other governments	32,645	-	32,645
<u>Total assets</u>	<u>830,379</u>	<u>1,135,788</u>	<u>1,966,167</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Bank overdraft	\$ 6,826	\$ -	\$ 6,826
Accounts payable and accrued expenses	30,430	-	30,430
Due to other funds	502,360	-	502,360
<u>Total liabilities</u>	<u>539,616</u>	<u>-</u>	<u>539,616</u>
<u>FUND BALANCES</u>			
Restricted	-	1,135,788	1,135,788
Unassigned	290,763	-	290,763
<u>Total fund balances</u>	<u>290,763</u>	<u>1,135,788</u>	<u>1,426,551</u>
<u>Total liabilities and fund balances</u>	<u>830,379</u>	<u>1,135,788</u>	<u>1,966,167</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances for governmental funds at June 30, 2014		\$ 1,426,551
Cost of capital assets at June 30, 2014	\$ 4,252,476	
Less: Accumulated depreciation as of June 30, 2014	<u>(1,824,531)</u>	2,427,945
Prepaid expenses at June 30, 2014		32,108
Elimination of interfund assets and liabilities		
Due from other funds	134,077	
Due to other funds	<u>(134,077)</u>	-
Long-term liabilities at June 30, 2014		
Compensated absences	(16,024)	
Capital lease	(16,524)	
Note payable	<u>(13,126)</u>	(45,674)
Franchise receivable for revenue earned during the period but not yet available or collected		<u>445</u>
Net position at June 30, 2014		<u>3,841,375</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL	SALES TAX	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Taxes	\$ 464,788	\$ 279,603	\$ 744,391
Licenses and permits	67,220	-	67,220
Intergovernmental	68,766	-	68,766
Charges for services	14,403	-	14,403
Fines and forfeits	175,716	-	175,716
Investment income	4,785	1,928	6,713
Miscellaneous	27,794	-	27,794
<u>Total revenues</u>	<u>823,472</u>	<u>281,531</u>	<u>1,105,003</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	583,350	2,838	586,188
Street	95,302	-	95,302
Police	379,870	-	379,870
Recreation	99,117	-	99,117
Debt service	11,881	-	11,881
<u>Total expenditures</u>	<u>1,169,520</u>	<u>2,838</u>	<u>1,172,358</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(346,048)</u>	<u>278,693</u>	<u>(67,355)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	151,995	-	151,995
Transfers out	-	(151,995)	(151,995)
Insurance proceeds	2,701	-	2,701
<u>Total other financing</u> <u>sources (uses)</u>	<u>154,696</u>	<u>(151,995)</u>	<u>2,701</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(191,352)</u>	<u>126,698</u>	<u>(64,654)</u>
<u>FUND BALANCES, beginning of year</u>	<u>482,115</u>	<u>1,009,090</u>	<u>1,491,205</u>
<u>FUND BALANCES, end of year</u>	<u>290,763</u>	<u>1,135,788</u>	<u>1,426,551</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Total net change in fund balances for the year ended June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (64,654)
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 66,510	
Depreciation expense for year ended June 30, 2014	<u>(119,948)</u>	(53,438)
Revenues that have not been earned in the governmental funds but are recognized as revenue in the government-wide financial statements		(8,502)
Differences between prepaid expenses on modified accrual basis versus accrual basis		2,647
Book value of capital asset disposals		(394)
Repayment of capital lease is considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the Statement of Net Position		7,516
Repayment of long-term debt principal is considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the Statement of Net Position		3,700
Differences between compensated absences on modified accrual basis versus accrual basis		<u>(3,498)</u>
<u>Total change in net position for the year ended June 30, 2014 per Statement of Activities</u>		<u>(116,623)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 275,446	\$ 338,406	\$ 61,965	\$ 675,817
Investments	571,939	530,584	82,324	1,184,847
Receivables, net of allowance for uncollectibles				
Accounts	8,455	22,960	6,056	37,471
NSF receivable	134	60	318	512
Interest	-	38	-	38
Due from other funds	307,008	36,754	46,551	390,313
Prepaid insurance	5,604	14,799	5,604	26,007
<u>Total current assets</u>	<u>1,168,586</u>	<u>943,601</u>	<u>202,818</u>	<u>2,315,005</u>
<u>RESTRICTED ASSETS</u>				
Cash	55,404	43,112	-	98,516
Investments	15,140	-	-	15,140
Due from operating account	-	-	-	-
<u>Total restricted assets</u>	<u>70,544</u>	<u>43,112</u>	<u>-</u>	<u>113,656</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	10,408	327,712	730,211	1,068,331
<u>Total assets</u>	<u>1,249,538</u>	<u>1,314,425</u>	<u>933,029</u>	<u>3,496,992</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	3,708	7,045	6,131	16,884
Due to restricted account	-	-	-	-
Due to other funds	428	3,742	17,860	22,030
<u>Total</u>	<u>4,136</u>	<u>10,787</u>	<u>23,991</u>	<u>38,914</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>				
Customers' deposits	52,488	41,599	-	94,087
<u>Total current liabilities</u>	<u>52,488</u>	<u>41,599</u>	<u>-</u>	<u>94,087</u>

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>NONCURRENT LIABILITIES</u>				
Accrued compensated absences	\$ 11,347	\$ 7,325	\$ 2,978	\$ 21,650
<u>Total noncurrent liabilities</u>	11,347	7,325	2,978	21,650
<u>Total liabilities</u>	67,971	59,711	26,969	154,651
<u>NET POSITION</u>				
Net investment in capital assets	10,408	327,712	730,211	1,068,331
Restricted for customer deposits	18,056	1,513	-	19,569
Unrestricted	1,153,103	925,489	175,849	2,254,441
<u>Total net position</u>	1,181,567	1,254,714	906,060	3,342,341

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 145,670	\$ 216,684	\$ 65,455	\$ 427,809
<u>Total operating revenues</u>	<u>145,670</u>	<u>216,684</u>	<u>65,455</u>	<u>427,809</u>
<u>OPERATING EXPENSES</u>				
Personal services	59,571	86,998	25,730	172,299
Contractual services	38,030	600	2,066	40,696
Supplies	2,508	11,048	1,905	15,461
Other expenses	26,120	92,899	41,114	160,133
Depreciation	979	66,718	61,564	129,261
<u>Total operating expenses</u>	<u>127,208</u>	<u>258,263</u>	<u>132,379</u>	<u>517,850</u>
<u>OPERATING INCOME (LOSS)</u>	<u>18,462</u>	<u>(41,579)</u>	<u>(66,924)</u>	<u>(90,041)</u>
<u>NON-OPERATING REVENUES</u>				
Interest income	1,460	1,188	24	2,672
<u>Total non-operating revenues</u>	<u>1,460</u>	<u>1,188</u>	<u>24</u>	<u>2,672</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>19,922</u>	<u>(40,391)</u>	<u>(66,900)</u>	<u>(87,369)</u>
<u>OPERATING TRANSFERS IN</u>				
Operating transfers in	-	-	-	-
<u>Total operating transfers in</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CHANGE IN NET POSITION</u>	<u>19,922</u>	<u>(40,391)</u>	<u>(66,900)</u>	<u>(87,369)</u>
<u>NET POSITION, beginning of year</u>	<u>1,161,645</u>	<u>1,295,105</u>	<u>972,960</u>	<u>3,429,710</u>
<u>NET POSITION, end of year</u>	<u>1,181,567</u>	<u>1,254,714</u>	<u>906,060</u>	<u>3,342,341</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 142,873	\$ 214,988	\$ 63,781	\$ 421,642
Cash payments to suppliers for goods and services	(69,548)	(127,069)	(48,150)	(244,767)
Cash payments to employees for services	(59,529)	(90,196)	(25,605)	(175,330)
<u>Net cash provided (used) by operating activities</u>	<u>13,796</u>	<u>(2,277)</u>	<u>(9,974)</u>	<u>1,545</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	965	(497)	(944)	(476)
<u>Net cash provided (used) by noncapital financing activities</u>	<u>965</u>	<u>(497)</u>	<u>(944)</u>	<u>(476)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(1,204)	(1,767)	(4,795)	(7,766)
<u>Net cash used by capital and related financing activities</u>	<u>(1,204)</u>	<u>(1,767)</u>	<u>(4,795)</u>	<u>(7,766)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(126)	(111)	(25)	(262)
Interest on investments	1,460	1,188	24	2,672
<u>Net cash provided (used) by investing activities</u>	<u>1,334</u>	<u>1,077</u>	<u>(1)</u>	<u>2,410</u>
NET INCREASE (DECREASE) IN CASH	14,891	(3,464)	(15,714)	(4,287)
<u>CASH, July 1, 2013</u>	<u>315,959</u>	<u>384,982</u>	<u>77,679</u>	<u>778,620</u>
<u>CASH, June 30, 2014</u>	<u>330,850</u>	<u>381,518</u>	<u>61,965</u>	<u>774,333</u>

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED</u>				
<u>(USED) BY OPERATING</u>				
<u>ACTIVITIES</u>				
Operating income (loss)	<u>\$ 18,462</u>	<u>\$ (41,579)</u>	<u>\$ (66,924)</u>	<u>\$ (90,041)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	979	66,718	61,564	129,261
(Increase) decrease in accounts receivable	(866)	(5,917)	(1,674)	(8,457)
(Increase) decrease in NSF receivable	2	-	-	2
(Increase) decrease in prepaid insurance	(1,999)	(11,194)	(1,999)	(15,192)
Increase (decrease) in accounts payable	(891)	(11,328)	(1,066)	(13,285)
Increase (decrease) in accrued compensated absences	42	(3,198)	125	(3,031)
Increase (decrease) in customers' deposits	<u>(1,933)</u>	<u>4,221</u>	<u>-</u>	<u>2,288</u>
Total adjustments	<u>(4,666)</u>	<u>39,302</u>	<u>56,950</u>	<u>91,586</u>
Net cash provided (used) by operating activities	<u>13,796</u>	<u>(2,277)</u>	<u>(9,974)</u>	<u>1,545</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Krotz Springs, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Krotz Springs.

A. FINANCIAL REPORTING ENTITY

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 - Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the Town is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Krotz Springs for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Town of Krotz Springs is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Krotz Springs, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Fund

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund The Gas Fund accounts for gas services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund The Water Fund accounts for water services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION – Continued

FUND FINANCIAL STATEMENTS – Continued

Enterprise Funds – Continued

Sewer Fund

The Sewer Fund accounts for sewer services to the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

PROGRAM REVENUES

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

ALLOCATION OF INDIRECT EXPENSES

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$3,765,613. The bank balance of cash was \$1,858,121 and of investments was \$1,939,326. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2014 were \$936,749. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2014 was \$1,002,577. LAMP is currently rated AAAM by Standard & Poor's Ratings Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2014, the Town's total bank balances were fully insured and therefore not exposed to custodial credit risk.

Bank balances	<u>\$ 3,797,447</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>3,297,447</u>
Total FDIC insurance and collateral	<u>3,797,447</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Krotz Springs did not capitalize infrastructure expenditures.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Krotz Springs maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years
Water system	20 - 50 years
Sewerage system	20 - 50 years
Meters	10 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the particular receivable.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2014 was \$4,209.

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2014. The budget was properly amended during a public meeting held on June 26, 2014.

ENCUMBRANCES

The Town does not employ the encumbrance system of accounting.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

COMPENSATED ABSENCES

Employees of the Town of Krotz Springs earn vacation and sick leave on a calendar year basis. Unused vacation and sick leave can be carried forward to the next calendar year. Upon termination or retirement, unused vacation is paid to the employee at the employee's current rate of pay. Upon termination, unused sick leave up to 30 days is paid to the employee at the employee's current rate of pay.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the compensated absences payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

REVENUES, EXPENDITURES, AND EXPENSES – Continued

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character
Proprietary Funds – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

EQUITY CLASSIFICATIONS – Continued

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

1. Restricted – Reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board Members remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

3. Assigned – Reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The members of the Board and the Town Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

4. Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Proprietary fund equity is classified the same as in the government-wide statements.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) - RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$ 1,594	\$ -	\$ 1,594
Accounts	-	37,471	37,471
NSF receivable	340	512	852
Accrued interest receivable	258	38	296
Other receivable	5,960	-	5,960
<u>Total</u>	<u>8,152</u>	<u>38,021</u>	<u>46,173</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (3) - RETIREMENT PLAN

General: The Town participates in funding a retirement plan which is described as follows:

Municipal Employees' Retirement System

Plan Description: The Town provides pension benefits for substantially all of its full-time employees except the police department, through the Municipal Employees' Retirement System of Louisiana, Plan B. This plan is a cost-sharing, multiple-employer, statewide funded plan. In addition to employee payroll deductions, Town funds are remitted to the retirement system and are recorded as expenditures. The retirement system is administered and controlled by a separate board of trustees. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy: Plan B members of the Municipal Employees' Retirement System are required by state statute to contribute 5% of their annual covered salary and the Town (as the employer) is required to contribute at an actuarially determined rate. The rate for fiscal years ending June 30, 2014, 2013, and 2012 were 8.75%, 8.00%, and 8.00% respectively of annual covered payroll.

The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is additionally funded by the State of Louisiana through the annual Legislative appropriation. The Town of Krotz Springs' employer contributions to Municipal Employees' Retirement System for the years ended June 30, 2014, 2013, and 2012, were \$17,152, \$13,870 and \$11,363, respectively, and were equal to the required contribution for each year.

NOTE (4) - AD VALOREM TAXES

For the year ended June 30, 2014, the Town of Krotz Springs levied a general tax of 7.57 mills, the statutory maximum, on property with assessed valuation totaling \$31,857,890. Total tax levied was \$241,164. Taxes receivable at June 30, 2014 totaled \$1,594. The allowance for uncollectible accounts totaled \$6,326 at June 30, 2014.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31 and becomes delinquent on January 1.

NOTE (5) - ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 2014. An accounts receivable aging schedule is as follows:

<u>Days</u>	
Unbilled	\$ 3,186
0 - 30	30,343
31 - 60	4,483
61 - 90	501
91 and older	<u>3,166</u>
<u>Total accounts receivable</u>	41,679
Less: allowance for uncollectible accounts	<u>(4,208)</u>
<u>Net accounts receivable</u>	<u><u>37,471</u></u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (6) - PROPRIETARY FUNDS – RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for customers' deposits. These assets consist of cash and short-term investments totaling \$113,656.

NOTE (7) - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2014, for the Town of Krotz Springs is as follows:

	Balances July 1, 2013	Additions	Disposals	Balances June 30, 2014
Governmental Activities				
Non-depreciable				
Land	\$ 855,247	\$ -	\$ -	\$ 855,247
Depreciable				
Land improvements	534,209	-	-	534,209
Building and improvements	1,502,325	22,518	-	1,524,843
Equipment	579,437	23,690	10,753	592,374
Furniture and fixtures	22,387	-	-	22,387
Other structures and improvements	704,744	20,302	1,630	723,416
<u>Totals at historical cost</u>	<u>4,198,349</u>	<u>66,510</u>	<u>12,383</u>	<u>4,252,476</u>
Less accumulated depreciation				
Land improvements	157,859	27,817	-	185,676
Building and improvements	508,045	40,014	-	548,059
Equipment	397,588	40,010	10,753	426,845
Furniture and fixtures	20,066	996	-	21,062
Other structures and improvements	633,014	11,111	1,236	642,889
<u>Total accumulated depreciation</u>	<u>1,716,572</u>	<u>119,948</u>	<u>11,989</u>	<u>1,824,531</u>
Governmental Activities				
Capital assets, net	<u>2,481,777</u>	<u>(53,438)</u>	<u>394</u>	<u>2,427,945</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (7) - CAPITAL ASSETS – Continued

	Balances July 1, 2013	Additions	Disposals	Balances June 30, 2014
Business-type Activities				
Non-depreciable				
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Depreciable				
Waterworks and gas system	2,380,094	2,972	5,005	2,378,061
Waterworks furniture and equipment	99,709	-	60	99,649
Sewer plant and equipment	2,272,037	4,795	-	2,276,832
<u>Totals at historical cost</u>	<u>4,754,540</u>	<u>7,767</u>	<u>5,065</u>	<u>4,757,242</u>
Less accumulated depreciation				
Waterworks and gas system	2,046,132	58,380	5,005	2,099,507
Waterworks furniture and equipment	33,527	9,316	60	42,783
Sewer plant and equipment	1,485,057	61,564	-	1,546,621
<u>Total accumulated depreciation</u>	<u>3,564,716</u>	<u>129,260</u>	<u>5,065</u>	<u>3,688,911</u>
Business-type Activities				
Capital assets, net	<u>1,189,824</u>	<u>(121,493)</u>	<u>-</u>	<u>1,068,331</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 56,000
Public safety - police	15,183
Public works - streets	37,654
Culture and recreation	11,111
<u>Total</u>	<u>\$ 119,948</u>

NOTE (8) - INTERGOVERNMENTAL AGREEMENT

The Town of Krotz Springs entered into an agreement with St. Landry Parish Solid Waste Disposal District in March of 2013 for the use of a backhoe. The agreement is for a five year period ending in March of 2018 and requires no payment from the Town. The Town is only required to carry insurance on the equipment.

NOTE (9) - ACCOUNTS AND OTHER PAYABLES

The accounts and other payables consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Total
Accounts payable	<u>\$ 30,430</u>	<u>\$ 16,884</u>	<u>\$ 47,314</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (10) - CHANGES IN LONG-TERM DEBT

The Town of Krotz Springs entered into a noncancellable capital lease with Mears Motor Leasing for a police car on June 11, 2012. The first monthly payment was due on June 25, 2012. The agreement requires monthly payments of \$621.15 for sixty months which are recorded in the General Fund. Amortization expense on the lease is included in depreciation expense.

The Town of Krotz Springs entered into a loan agreement with Sterling Automotive Group, financed through Ally Bank, for a Dodge truck on September 12, 2012. The first monthly payment was due on October 18, 2012. The agreement requires monthly payments of \$362.23 for sixty months at an interest rate of 4.39% which are recorded in the General Fund, secured by the vehicle.

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2014.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Compensated absences payable at 7/01/13	\$ 12,526	\$ 24,681	\$ 37,207
Increase (decrease)	<u>3,498</u>	<u>(3,031)</u>	<u>467</u>
Compensated absences payable at 6/30/14	<u>16,024</u>	<u>21,650</u>	<u>37,674</u>
Due within one year	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 1,740</u>
Capital lease payable at 7/01/13	\$ 24,040	\$ -	\$24,040
Additions	-	-	-
Payments	<u>(7,516)</u>	<u>-</u>	<u>(7,516)</u>
Capital lease payable at 6/30/14	<u>16,524</u>	<u>-</u>	<u>16,524</u>
Due within one year	<u>\$ 7,454</u>	<u>\$ -</u>	<u>\$ 7,454</u>
Note payable at 6/30/13	\$ 16,826	\$ -	\$16,826
Additions	-	-	-
Payments	<u>(3,700)</u>	<u>-</u>	<u>(3,700)</u>
Note payable at 6/30/14	<u>13,126</u>	<u>-</u>	<u>13,126</u>
Due within one year	<u>\$ 3,847</u>	<u>\$ -</u>	<u>\$ 3,847</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (10) - CHANGES IN LONG-TERM DEBT - Continued

Maturities of long-term debt are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 11,301	\$ 500	\$ 11,801
2016	11,473	328	11,801
2017	10,410	148	10,558
2018	1,079	7	1,086
	<u>34,263</u>	<u>983</u>	<u>35,246</u>

NOTE (11) - LEASE COMMITMENTS

The Town of Krotz Springs entered into a monthly operating lease for a postage meter machine. Quarterly payments are \$141. Lease expense at June 30, 2014 totaled \$564.

NOTE (12) - INTERFUND RECEIVABLES, PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds" in the fund financial statements. In the government-wide financial statements, interfund receivables and payables are eliminated within the governmental activities and within the business-type activities. All of these accounts are expected to be repaid within one year from the date of the financial statements. Interfund receivables and payables in the fund financial statements are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
Governmental Funds		
General Fund	\$ 22,898	\$ 502,360
Sales Tax Fund	111,179	-
Proprietary Funds		
Gas Fund	307,008	428
Water Fund	36,754	3,742
Sewer Fund	46,551	17,860
	<u>524,390</u>	<u>524,390</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (13) - INTERFUND TRANSFERS

Transfers consisted of the following at June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
Governmental Funds		
General Fund	\$ 151,995	\$ -
Sales Tax Fund	-	151,995
Proprietary Funds		
Water Fund	-	-
Sewer Fund	-	-
	<u>151,995</u>	<u>151,995</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute requires to expend them and to (b) use unrestricted revenues collected in the utility fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE (14) - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year.

NOTE (15) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town does not provide any post-employment benefits to retirees other than pension and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

NOTE (16) - FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund.

	<u>General Fund</u>	<u>Sales Tax</u>	<u>Total</u>
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	1,135,788	1,135,788
Committed:	-	-	-
Assigned:			
Unassigned:	<u>290,763</u>	<u>-</u>	<u>290,763</u>
Total fund balances	<u>290,763</u>	<u>1,135,788</u>	<u>1,426,551</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE (17) NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2014, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which provides clarity for reporting deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Certain items previously reported as assets or liabilities are now reported as deferred outflows of resources or deferred inflows of resources.

In June 2012, the GASB approved Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 relating to financial reporting and note disclosure of pension plans. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provision of GASB Statement No. 67 must be implemented by the pension plans for the year ending June 30, 2014 and provisions of GASB Statement No. 68 must be implemented by the Town for the year ending June 30, 2015. The effect of implementation on the Town's financial statements has not yet been determined.

NOTE (18) SUBSEQUENT EVENTS

The Town's management has evaluated subsequent events through December 2, 2014 the date which the financial statements were available to be issued. As of December 2, 2014 there were no subsequent events noted.

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$ 449,602	\$ 466,537	\$ 464,788	\$ (1,749)
Licenses and permits	38,611	52,516	67,220	14,704
Intergovernmental	58,794	53,277	68,766	15,489
Charges for services	16,015	8,799	14,403	5,604
Fines and forfeits	183,350	191,701	175,716	(15,985)
Investment income	4,844	4,876	4,785	(91)
Miscellaneous	17,280	37,651	27,794	(9,857)
<u>Total revenues</u>	<u>768,496</u>	<u>815,357</u>	<u>823,472</u>	<u>8,115</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative	416,485	592,994	583,350	9,644
Street department	120,361	113,673	95,302	18,371
Police department	371,556	376,704	379,870	(3,166)
Recreation department	63,109	78,957	99,117	(20,160)
Debt service	7,800	7,366	11,881	(4,515)
<u>Total expenditures</u>	<u>979,311</u>	<u>1,169,694</u>	<u>1,169,520</u>	<u>174</u>
<u>DEFICIENCY OF REVENUES UNDER EXPENDITURES</u>	<u>(210,815)</u>	<u>(354,337)</u>	<u>(346,048)</u>	<u>8,289</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	107,266	182,395	151,995	(30,400)
Proceeds from sale of fixed assets	-	215	-	(215)
Insurance proceeds	-	172,751	2,701	(170,050)
<u>Total other financing sources (uses)</u>	<u>107,266</u>	<u>355,361</u>	<u>154,696</u>	<u>(200,665)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(103,549)</u>	<u>1,024</u>	<u>(191,352)</u>	<u>(192,376)</u>
<u>FUND BALANCE</u> , beginning of year			<u>482,115</u>	
<u>FUND BALANCE</u> , end of year			<u>290,763</u>	

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 293,945	\$ 262,405	\$ 279,603	\$ 17,198
Investment income				
Interest income	1,803	1,869	1,928	59
<u>Total revenues</u>	<u>295,748</u>	<u>264,274</u>	<u>281,531</u>	<u>17,257</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Collection fees	4,500	5,000	2,796	2,204
Supplies	-	42	42	-
Miscellaneous	120	-	-	-
<u>Total expenditures</u>	<u>4,620</u>	<u>5,042</u>	<u>2,838</u>	<u>2,204</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>291,128</u>	<u>259,232</u>	<u>278,693</u>	<u>19,461</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(247,266)	(322,395)	(151,995)	170,400
<u>Total other financing uses</u>	<u>(247,266)</u>	<u>(322,395)</u>	<u>(151,995)</u>	<u>170,400</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>43,862</u>	<u>(63,163)</u>	126,698	<u>189,861</u>
<u>FUND BALANCE</u> , beginning of year			<u>1,009,090</u>	
<u>FUND BALANCE</u> , end of year			<u>1,135,788</u>	

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash	\$ 541,840
Investments	225,000
Receivables, net of allowance for uncollectibles	
Interest receivable	102
NSF receivable	340
Ad valorem taxes	1,594
Insurance proceeds receivable	5,960
Due from other funds	22,898
Due from other governments	32,645
	<hr/>
<u>Total assets</u>	<u>830,379</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Bank overdraft	\$ 6,826
Accounts payable and accrued expenses	30,430
Due to other funds	502,360
<u>Total liabilities</u>	<u>539,616</u>

FUND BALANCE

Unassigned	290,763
<u>Total fund balance</u>	<u>290,763</u>
	<hr/>
<u>Total liabilities and fund balance</u>	<u>830,379</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes	\$ 466,537	\$ 464,788	\$ (1,749)
Licenses and permits	52,516	67,220	14,704
Intergovernmental	53,277	68,766	15,489
Charges for services	8,799	14,403	5,604
Fines and forfeits	191,701	175,716	(15,985)
Investment income	4,876	4,785	(91)
Miscellaneous	37,651	27,794	(9,857)
<u>Total revenues</u>	<u>815,357</u>	<u>823,472</u>	<u>8,115</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	592,994	583,350	9,644
Street department	113,673	95,302	18,371
Police department	376,704	379,870	(3,166)
Recreation department	78,957	99,117	(20,160)
Debt service	7,366	11,881	(4,515)
<u>Total expenditures</u>	<u>1,169,694</u>	<u>1,169,520</u>	<u>174</u>
<u>DEFICIENCY OF REVENUES</u> <u>UNDER EXPENDITURES</u>	<u>(354,337)</u>	<u>(346,048)</u>	<u>8,289</u>
<u>OTHER FINANCING SOURCES/(USES)</u>			
Transfers in	182,395	151,995	(30,400)
Proceeds from sale of fixed assets	215	-	(215)
Insurance proceeds	172,751	2,701	(170,050)
<u>Total other financing</u> <u>sources/(uses)</u>	<u>355,361</u>	<u>154,696</u>	<u>(200,665)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>1,024</u>	<u>(191,352)</u>	<u>(192,376)</u>
<u>FUND BALANCE</u> , beginning of year		<u>482,115</u>	
<u>FUND BALANCE</u> , end of year		<u>290,763</u>	

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>TAXES</u>			
Property taxes	\$ 240,061	\$ 231,717	\$ (8,344)
Franchise - Electric	223,388	230,324	6,936
Franchise - Cable television	1,995	1,754	(241)
Franchise - AT&T	1,093	993	(100)
<u>Total taxes</u>	<u>466,537</u>	<u>464,788</u>	<u>(1,749)</u>
<u>LICENSES AND PERMITS</u>			
Liquor licenses	4,075	3,475	(600)
Insurance licenses	31,286	39,345	8,059
Occupational licenses	17,155	15,055	(2,100)
Building and moving permits	-	8,895	8,895
Video poker license	-	450	450
<u>Total licenses and permits</u>	<u>52,516</u>	<u>67,220</u>	<u>14,704</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	3,402	3,356	(46)
Housing authority	3,700	3,100	(600)
Video poker fees	11,481	14,413	2,932
Racino income	34,446	37,649	3,203
State grants	248	10,248	10,000
<u>Total intergovernmental</u>	<u>53,277</u>	<u>68,766</u>	<u>15,489</u>
<u>CHARGES FOR SERVICES</u>			
Building rental	6,000	6,800	800
Recreation income	1,390	6,049	4,659
Library income	1,409	1,554	145
<u>Total charges for services</u>	<u>8,799</u>	<u>14,403</u>	<u>5,604</u>
<u>FINES AND FORFEITS</u>			
Court fines	191,701	175,716	(15,985)
Drug forfeitures	-	-	-
<u>Total fines and forfeits</u>	<u>191,701</u>	<u>175,716</u>	<u>(15,985)</u>
<u>INVESTMENT INCOME</u>			
Interest income	4,876	4,785	(91)

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>			
Grass cutting	\$ 8,580	\$ 7,180	\$ (1,400)
LMA insurance rebate	8,295	6,995	(1,300)
Donations	-	9,299	9,299
Other	20,776	4,320	(16,456)
<u>Total miscellaneous</u>	<u>37,651</u>	<u>27,794</u>	<u>(9,857)</u>
 <u>Total revenues</u>	 <u>815,357</u>	 <u>823,472</u>	 <u>8,115</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>GENERAL AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries	\$ 111,492	\$ 111,924	\$ (432)
Mayor and council	28,800	30,525	(1,725)
Payroll taxes	9,106	8,790	316
Retirement	14,721	17,152	(2,431)
<u>Supplies</u>			
Supplies and postage	38,098	40,583	(2,485)
Uniforms	3,774	3,958	(184)
<u>Other</u>			
Insurance	67,765	73,143	(5,378)
Utilities	24,200	23,732	468
Conventions and conferences	9,260	13,997	(4,737)
Telephone	25,580	21,483	4,097
Legal and professional	59,102	53,305	5,797
Repairs and maintenance	15,220	13,458	1,762
Miscellaneous	22,075	20,876	1,199
Publications and notices	303	193	110
Dues and subscriptions	7,368	6,817	551
Pest control	978	1,082	(104)
Advertising	-	2,058	(2,058)
Lease expense	977	1,063	(86)
Bank charges	-	91	(91)
Tax rolls and election expense	1,371	1,071	300
Coroner fees	3,165	650	2,515
Meals	734	661	73
Boat launch expense	122,206	94,080	28,126
Capital outlay	26,699	42,658	(15,959)
<u>Total general and administrative</u>	<u>592,994</u>	<u>583,350</u>	<u>9,644</u>

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Gasoline	\$ 21,197	\$ 20,855	\$ 342
Supplies	26,302	22,882	3,420
Uniforms	146	46	100
<u>Other</u>			
Repairs and maintenance	32,607	30,403	2,204
Insurance	9,208	7,717	1,491
Telephone	-	2,405	(2,405)
Miscellaneous	2,277	145	2,132
Salaries	8,703	9,262	(559)
Payroll taxes	765	722	43
Equipment rental	5,118	630	4,488
Meals	335	235	100
Capital outlay	7,015	-	7,015
<u>Total street department</u>	<u>113,673</u>	<u>95,302</u>	<u>18,371</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	247,325	248,964	(1,639)
Payroll taxes	19,418	19,437	(19)
<u>Supplies</u>			
Office supplies and postage	2,155	2,328	(173)
Uniforms	543	932	(389)
Gasoline	17,031	20,093	(3,062)
<u>Other</u>			
Insurance	45,991	46,405	(414)
Telephone	4,535	4,476	59

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>POLICE DEPARTMENT - Continued</u>			
<u>Other - Continued</u>			
Repairs and maintenance	\$ 1,678	\$ 2,108	\$ (430)
Prisoners' meals	292	175	117
Auto expense	9,899	8,765	1,134
Dues and subscriptions	7,477	7,322	155
Conventions and conferences	2,729	3,701	(972)
Miscellaneous	5,084	1,268	3,816
Legal and professional	5,315	4,415	900
Drug testing	1,357	1,170	187
LA Community Law Enforcement	968	935	33
Supplies	4,086	3,326	760
Equipment rental	821	500	321
<u>Capital outlay</u>			
Vehicles	-	3,550	(3,550)
<u>Total police department</u>	<u>376,704</u>	<u>379,870</u>	<u>(3,166)</u>
<u>RECREATION DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	35,039	41,349	(6,310)
Payroll taxes	2,743	3,060	(317)
<u>Supplies</u>			
Materials and supplies	6,474	15,449	(8,975)
Uniforms	-	1,017	(1,017)
<u>Other</u>			
Meals	-	80	(80)
Utilities	2,819	2,945	(126)
Miscellaneous	1,336	1,397	(61)
Insurance	9,937	9,624	313
Accounting and audit	4,594	3,894	700
<u>Capital outlay</u>			
Equipment	16,015	20,302	(4,287)
<u>Total recreation department</u>	<u>78,957</u>	<u>99,117</u>	<u>(20,160)</u>
<u>DEBT SERVICE</u>			
Lease expense, police	7,366	7,516	(150)
Note payment, streets	-	4,365	(4,365)
<u>Total debt service</u>	<u>7,366</u>	<u>11,881</u>	<u>(4,515)</u>
<u>Total expenditures</u>	<u>1,169,694</u>	<u>1,169,520</u>	<u>174</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's 1% sales tax.

TOWN OF KROTZ SPRINGS, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash	\$ 510,114
Investments	514,339
Interest receivable	156
Due from other funds	<u>111,179</u>
<u>Total assets</u>	<u><u>1,135,788</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ -
<u>Total liabilities</u>	<u>-</u>

FUND BALANCE

Restricted	<u>1,135,788</u>
<u>Total fund balance</u>	<u><u>1,135,788</u></u>
<u>Total liabilities and fund balance</u>	<u><u>1,135,788</u></u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 262,405	\$ 279,603	\$ 17,198
Investment income	-		
Interest income	1,869	1,928	59
<u>Total revenues</u>	<u>264,274</u>	<u>281,531</u>	<u>17,257</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative			
Collection fees	5,000	2,796	2,204
Supplies	42	42	-
Miscellaneous	-	-	-
<u>Total expenditures</u>	<u>5,042</u>	<u>2,838</u>	<u>2,204</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>259,232</u>	<u>278,693</u>	<u>19,461</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(322,395)	(151,995)	170,400
<u>Total other financing uses</u>	<u>(322,395)</u>	<u>(151,995)</u>	<u>170,400</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(63,163)</u>	126,698	<u>189,861</u>
<u>FUND BALANCE</u> , beginning of year		<u>1,009,090</u>	
<u>FUND BALANCE</u> , end of year		<u>1,135,788</u>	

COMPLIANCE AND INTERNAL CONTROL

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Carroll Snyder, Mayor
 and Members of the Board of Aldermen
 Krotz Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Krotz Springs, Louisiana's basic financial statements, and have issued our report thereon dated December 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Krotz Springs, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Krotz Springs, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Krotz Springs, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Krotz Springs, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of current and prior year audit findings as Item 2014-001.

We noted a certain matter that we reported to the management of Town of Krotz Springs, Louisiana, in a separate letter dated December 2, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2014

TOWN OF KROTZ SPRINGS, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Years Ended June 30, 2014 and 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date Of Completion
CURRENT YEAR (6/30/14) --						
<u>Compliance:</u>						
2014-001 C	2014	The Town did not monitor operating budget in accordance with Louisiana Revised Statute 39:1311. Budgeted revenues in the General Fund exceeded actual revenues by 20%.	N/A	The Town will closely monitor the budget to actual results and adopt an amended budget when necessary.	Carrol Snyder, Mayor	June 2015
<u>Internal Control:</u>						
There were no matters involving the internal control over financial reporting to be reported.						
<u>Management Letter:</u>						
2014-002	2011	The Town's Water and Sewer Utility Funds have experienced continuing operating losses in recent years. The Town should evaluate operations to determine methods to reduce expenditures in order to operate at a surplus. Consideration should be given to converting to a metered system.	No	The Town will evaluate operations in the Water and Sewer Utility Funds to determine methods to reduce expenditures in order to operate at a surplus. The Town will also consider converting to a metered system.	Carroll Snyder, Mayor	June 2015

(continued)

TOWN OF KROTZ SPRINGS, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (continued)
Years Ended June 30, 2014 and 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date Of Completion
PRIOR YEAR (6/30/13) --						
<u>Compliance:</u>						
There were no compliance findings to be reported.						
<u>Internal Control:</u>						
There were no matters involving the internal control over financial reporting to be reported.						
<u>Management Letter:</u>						
2013-001	2011	The Town's Water and Sewer Utility Funds have experienced continuing operating losses in recent years. The Town should evaluate operations to determine methods to reduce expenditures in order to operate at a surplus. Consideration should be given to converting to a metered system.	No	The Town had a rate study analysis done during the fiscal year. The Town approved a rate increase, effective July 1, 2013. The Town will evaluate operations in the Water and Sewer Utility Funds to determine methods to reduce expenditures in order to operate at a surplus. The Town will also consider converting to a metered system.	Carroll Snyder, Mayor	June 2014

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

GAS FUND

Personal services

Salaries	\$ 55,242
Payroll taxes	4,287
Compensated absences	42

Contractual services

Gas purchases	38,030
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Supplies

Office supplies and postage	2,508
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Other

Penalties	1,000
Repairs and maintenance	1,432
Insurance	13,693
Miscellaneous	1,101
Legal and professional	7,246
Dues and subscriptions	1,648

Depreciation

979

Total gas fund

127,208

WATER FUND

Personal services

Salaries	\$ 83,608
Payroll taxes	6,588
Compensated absences	(3,198)

Supplies

Materials and supplies	11,048
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Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

WATER FUND - Continued

<u>Contractual services</u>	
Survey expense	\$ 600
<u>Other</u>	
Dues and subscriptions	360
Repairs and maintenance	16,649
Insurance	30,891
Legal and professional	11,837
Utilities	15,650
Telephone	9,918
Miscellaneous	2,369
Water pollution control fee	5,225
<u>Depreciation</u>	<u>66,718</u>
<u>Total water fund</u>	<u><u>258,263</u></u>

SEWER FUND

<u>Personal services</u>	
Salaries	\$ 23,865
Payroll taxes	1,865
Compensated absences	-
<u>Contractual services</u>	
Survey expense	2,066
<u>Supplies</u>	
Office supplies and postage	1,905
<u>Other</u>	
Repairs and maintenance	18,998
Insurance	9,752
Legal and professional	3,944
Utilities	7,593
Miscellaneous	58
Uniforms	769
<u>Depreciation</u>	<u>61,564</u>
<u>Total sewer fund</u>	<u><u>132,379</u></u>

TOWN OF KROTZ SPRINGS, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS – ALL FUNDS
JUNE 30, 2014

	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
<u>GENERAL FUND</u>			
Certificate of Deposit American Bank and Trust Co.	0.65%	1/3/2015	\$ 100,000
Certificate of Deposit American Bank and Trust Co.	0.65%	1/3/2015	50,000
Certificate of Deposit American Bank and Trust Co.	0.65%	12/8/2014	75,000
<u>SALES TAX FUND</u>			
Certificate of Deposit American Bank and Trust Co.	0.65%	12/8/2014	100,000
Certificate of Deposit American Bank and Trust Co.	0.65%	12/8/2014	150,000
Certificate of Deposit American Bank and Trust Co.	0.65%	12/8/2014	150,000
Investment in Louisiana Asset Management Pool	N/A	N/A	114,338
<u>ENTERPRISE FUNDS</u>			
Certificate of Deposit American Bank and Trust Co.	0.65%	10/1/2014	15,140
Certificate of Deposit American Bank and Trust Co.	0.65%	9/30/2014	83,190
Certificate of Deposit American Bank and Trust Co.	0.65%	10/1/2014	57,866
Certificate of Deposit American Bank and Trust Co.	0.65%	12/8/2014	96,132
Certificate of Deposit American Bank and Trust Co.	0.65%	9/30/2014	59,421
Investment in Louisiana Asset Management Pool	N/A	N/A	430,883
Investment in Louisiana Asset Management Pool	N/A	N/A	317,862
Investment in Louisiana Asset Management Pool	N/A	N/A	57,169
Investment in Louisiana Asset Management Pool	N/A	N/A	82,345
<u>Total</u>			<u>1,939,346</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
(UNAUDITED)
JUNE 30, 2014

POLICY NUMBER	INSURER	ASSETS COVERED	TYPE OF COVERAGE	LIMITS OF COVERAGE	EFFECTIVE DATES	
					FROM	TO
5X0954815	Employer's Mutual Casualty Company	Blanket policy on building occupied as police station, jail and city hall and contents, and buildings in parks	Commercial Property Coverage	Various	3/14/2014	3/14/2015
70-0352-14976	Louisiana Municipal Risk Management Agency	Workmen's Compensation	Workmen's Compensation	\$500,000	2/16/2014	2/16/2015
5TRD6318	Essex Insurance Company	2000 Crown Vic 2005 Chevy Impala 2004 Toyota pickup 2002 Crown Vic 2005 GMC dump truck 2001 Chevy Impala 2008 Dodge Charger 2007 Dodge Ram 2010 F-150 2012 Chevy Tahoe 2012 Dodge Ram 1500 2007 GEM Truck	Physical damage policy	Various	2/14/2014	2/14/2015
IMA288278	Forest Insurance Facilities	2006 Volvo EC35 excavator 2004 Case backhoe	Physical damage policy	\$58,000	3/14/2014	3/14/2015
100-0431-15013	Louisiana Municipal Risk Management Agency	2004 Toyota pickup 2005 GMC dump truck 2012 Dodge pickup 2007 Truck 2007 Dodge pickup 2010 Ford pickup 1993 Ford sedan 2000 Ford sedan 2002 Ford sedan 2008 Dodge sedan 2005 Chevy sedan 2001 Chevy sedan	Uninsured motorists, collision, property coverage	\$500,000	3/14/2014	3/14/2017
100-0431-15013	Risk Management Inc.	Law Enforcement Professional Liability	Personal injury & Property damage	\$500,000	3/14/2014	3/14/2017
100-0431-15013	Risk Management Inc.	Public Official's Liability Policy	Errors & Omissions	\$500,000	3/14/2014	3/14/2017
100-0431-15013	Risk Management Inc.	General Liability	Bodily injury & Property damage	\$500,000	3/14/2014	3/14/2017
402-05446814070001	Nationwide Life Insurance Company	Summer recreation program	Liability policy	\$5,000	4/1/2014	9/30/2014

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY
FOR THE YEAR ENDED JUNE 30, 2014

COMPENSATION TO BOARD MEMBERS

The compensation of the Town of Krotz Springs' governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,200 per month and the board members are paid \$250 per month. Board members are also paid \$125 for any special meetings attended.

		<u>COMPENSATION</u>
Carroll Snyder, Mayor	July - June	\$ 14,400
Andre' Lanclos, Alderman	July - June	3,375
Cynthia Stelly, Alderwoman	July - June	3,375
Nyssa Godwin, Alderwoman	July- June	2,625
William Bryson, Alderman	July -June	3,375
Keith Ardoin, Alderman	July - June	<u>3,375</u>
		<u>30,525</u>

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MANAGEMENT LETTER

The Honorable Carroll Snyder, Mayor,
and Members of the Board of Aldermen
Krotz Springs, Louisiana

We have completed our audit of the basic financial statements of the Town of Krotz Springs, Louisiana for the year ended June 30, 2014, and submit the following recommendation for your consideration:

The Town's Water and Sewer Utility Funds have experienced continuing operating losses in recent years. The Town should evaluate operations to determine methods to reduce expenditures in order to operate at a surplus. Consideration should be given to converting to a metered system.

In conclusion, we would like to express our appreciation to you and your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2014